

Message Text

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ACTION EB-11

INFO OCT-01 ARA-16 ISO-00 CAB-09 CIAE-00 COME-00 DODE-00

DOT-00 INR-11 NSAE-00 RSC-01 FAA-00 L-03 PA-04 PRS-01

USIA-15 DRC-01 /073 W

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R 171630Z SEP 74

FM AMEMBASSY BRIDGETOWN

TO SECSTATE WASHDC 7794

INFO AMEMBASSY GEORGETOWN

AMEMBASSY KINGSTON

AMEMBASSY PORT OF SPAIN

LIMITED OFFICIAL USE BRIDGETOWN 1622

E.O. 11652: N/A

TAGS: EAIR ETRN BB AC

SUBJ: CIVAIR: POSSIBLE LIAT PURCHASE BY REGIONAL GOVERNMENTS

REF: POS 2199 AND PREVIOUS

1. LOCAL NEWS ARTICLES AND OTHER SOURCES INDICATE THAT HIGH LEVEL DISCUSSIONS OVER WEEKEND IN ANTIGUA RE LIAT FUTURE RESULTED IN GENERAL PLAN TO HAVE AREA GOVERNMENTS PURCHASE SHARES IN SUCCESSOR AIRLINE. MINISTERIAL LEVEL REPRESENTATIVES REPORTEDLY MADE NO FIRM DECISIONS BUT EVOLVED GENERAL PLAN FOR BARBADOS AND TRINIDAD/TOBAGO TO ACQUIRE 15 PERCENT EACH OF SHARES OF ANY LIAT SUCCESSOR WHILE JAMAICA AND GUYANA WOULD EACH PURCHASE 5 PERCENT AND SEVEN LDC'S (ANTIGUA, DOMINICA, GRENADA, MONTserrat, ST. KITTS, ST. LUCIA, ST. VINCENT) 7.5 PERCENT EACH. NO FIRM PRICES WERE MENTIONED AS BRITISH AUDIT AND MANAGEMENT TEAMS HAVE NOT YET COMPLETED STUDIES OF LIAT FINANCIAL SITUATION.

2. WEEKEND MEETING REPORTEDLY ISSUED COMMUNIQUE RECOGNIZING THAT PROVISION OF ADEQUATE AIR SERVICES WAS ULTIMATE RESPONSIBILITY OF AREA GOVERNMENTS.

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3. COMMENT: LACK OF FIRM FINANCIAL AND OTHER DATA MAKE IT

IMPOSSIBLE TO REACH ANY FIRM DECISION ON LIAT AT THIS TIME.
CHIEF SIGNIFICANCE OF MEETING WAS THAT IT BROUGHT AREA GOVERNMENTS TOGETHER AND HOPEFULLY MADE THEM REALIZE THAT THEY WILL HAVE TO PLAY GREATER SUPPORTIVE ROLE FOR ANY NEW CARRIER THAN THEY DID FOR LIAT.

4. BRITISH AND GOB AVIATION SOURCES ALSO EXPRESSED GUARDED OPTIMISM, WITH FORMER HINTING THAT FURTHER HMG SUPPORT (BEYOND POUNDS 220,000 ALREADY COMMITTED TO ASSIST LIAT THROUGH SEPTEMBER) WAS BY NO MEANS OUT OF QUESTION BUT THAT ANY SUCH ASSISTANCE WOULD BE DRAWN FROM AREA'S AID FUNDS.

5. CDB REPRESENTATIVE WHO ATTENDED MEETING CONFIRMS THAT FINANCIAL DISCUSSION WAS IN VAGUEST TERMS WITH CDB TAKING POSITION THAT ENTIRE ISSUE OF AIR SERVICES REQUIRED CONSIDERABLE MORE DATA AND STUDY PRIOR TO ANY FINANCIAL COMMITMENT.
SIMMS

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: CIVIL AVIATION, GOVERNMENT PROCUREMENT, PRESS COMMENTS, AIRLINES, COMMUNIQUEs, DIPLOMATIC DISCUSSIONS, INTERGOVERNMENTAL COOPERATION, STOCKS (SECURITIES)
Control Number: n/a
Copy: SINGLE
Draft Date: 17 SEP 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: cunninfx
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974BRIDGE01622
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D740260-0881
From: BRIDGETOWN
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740940/aaaabhqy.tel
Line Count: 78
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: POS 2199 AND PREVIOUS
Review Action: RELEASED, APPROVED
Review Authority: cunninfx
Review Comment: n/a
Review Content Flags:
Review Date: 10 SEP 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <10 SEP 2002 by WorrelSW>; APPROVED <03 MAR 2003 by cunninfx>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: CIVAIR: POSSIBLE LIAT PURCHASE BY REGIONAL GOVERNMENTS
TAGS: EAIR, ETRN, BB, AC, LIAT
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005